

National Monetary Commission

the use of checks is small, is undoubtedly greater than that of our other classes of population. However, the wealthy classes, though fewer in number, have more to spend and their use of checks raises the proportion of credit paper in payments.

We can not expect any social movement to continue steadily in one direction for an indefinite time. Such evidence as inquiries of this character furnish seems to show that there is a certain ebb and flow in the proportion of checks used in business payments. With a given amount of money a certain proportion of it can be used for bank reserves on which to build credit transactions. For a time the volume of business will increase more rapidly than the money supplies, so that the proportion of credit business to the whole will increase, the improvement of the credit machinery in the meantime facilitating the movement. But the perfection of the facilities for utilizing to the utmost a given reserve, or a slowly increasing one, will come to a stop after a time, and it will be necessary to increase the money supply for any further expansion of credit. In the language of business, another unit of capital must be added to plant. The unit added to the social capital devoted to exchange—that is, the additional amount of money—will be larger than is necessary for most profitable immediate use, consequently the proportion of money exchanges will for a time show an increase. We may conclude, therefore, that the volume of business done on credit gradually increases as the population and total amount of business are enlarged,